



## INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM

October 10, 2013

Mr. Keith Wallace  
California Department of Water Resources  
Division of Integrated Regional Water Management  
Financial Assistance Branch  
PO Box 942836  
Sacramento, CA 94236

Re: Proposition 84 Round 2 Implementation Grant Inyo-Mono IRWM Program Application Evaluation

Dear Mr. Wallace:

I am writing on behalf of the Inyo-Mono Integrated Regional Water Management Program Office in response to the Proposition 84 Round 2 Implementation Grant Application evaluation from DWR. We appreciate this opportunity to respond to DWR's proposal review.

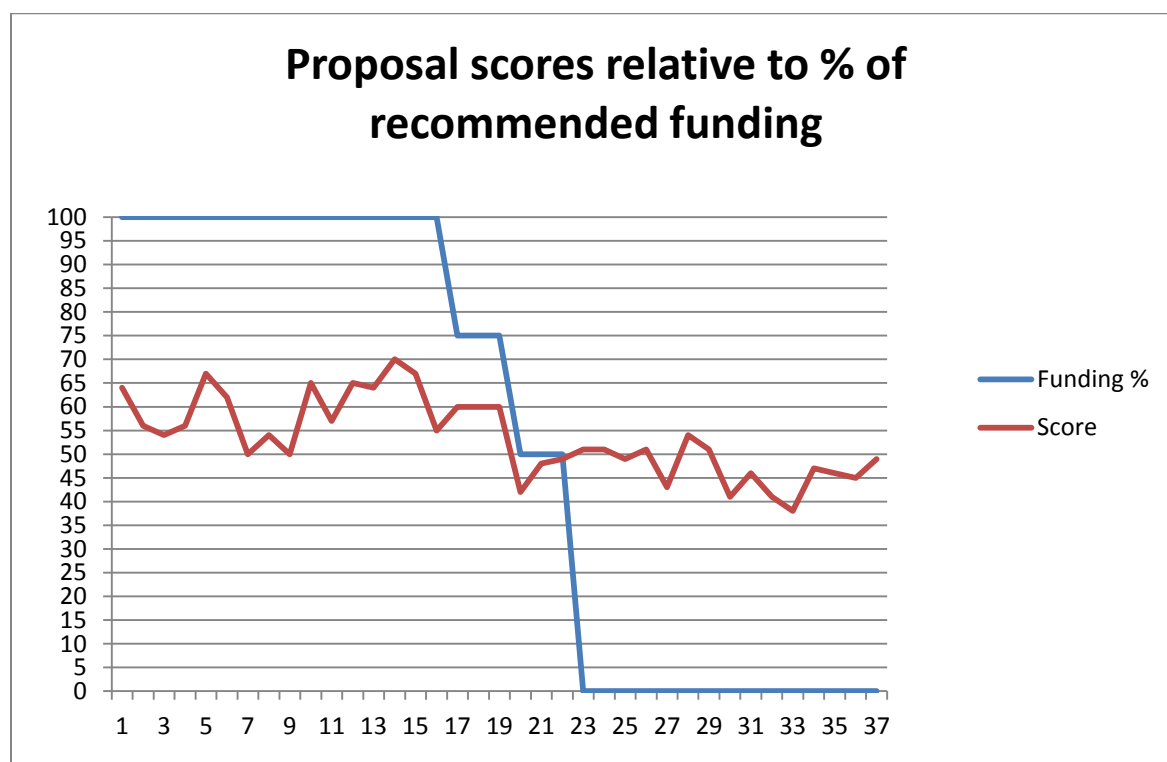
First, we would like to request a second review of our application by DWR. As described below and in the letters submitted to you from our four project proponents (submitted separately and attached to this letter), we believe that certain parts of the proposal that directly responded to PSP scoring criteria were missed or overlooked. We also carefully compared our proposal and the evaluation to the review and scoring criteria outlined in the PSP (p. 25). Based on the information conveyed in the DWR proposal evaluation and our review of our proposal relative to DWR's evaluation, we request that up to 12 additional points be awarded to the proposal. Based on how recommended funding was allocated in relation to scoring of proposals, an increase in our score of only four points would put us in the range of another region within our funding area that received 50% of its funding request.

The intent of this letter is twofold: (1) to provide overarching comments and suggestions for programmatic improvement, and (2) to respond to the evaluation of the proposal submitted on behalf of the Inyo-Mono IRWM region.

One concern we have with the overall proposal process is the proportion of successful applications this round. Of the 38 proposals that were submitted, 16 (42%) were recommended to receive \$0. An additional 8% of projects only received 50% of their funding request. Thus, in total, only 50% of proposals are recommended to receive any funding at all. We understand and appreciate that this is a competitive application process. However, when IRWM groups are forming specifically to take advantage of Prop. 84 IRWM funding opportunities and almost half

the regions that applied are denied, it calls into question the validity and soundness of the application process itself. We encourage finding ways to ensure that taxpayer money will be used appropriately while at the same time not overburdening IRWM regions in the proposal process.

Based on the results of the proposal evaluations, it remains unclear how specifically recommendations were derived. It would appear that contrary to what was expected on the part of applicants that their proposals would be ranked relative to others in the same funding region, the proposed funding now appears to be based on a state-wide ranking system. At the very least the apparent methodology represents a hybrid of a regional/state-wide funding competition. The result is that there are inconsistencies in proposed funding based on meeting minimum scoring criteria necessary to receive a funding recommendation.



As illustrated in the graph above, all regions scoring more than 54 points received some recommended funding. Some regions scoring 50 or 54 points received 100% funding recommendations while others in the same scoring range were recommended to receive 0% funding; some regions scoring 60 points received 75% funding recommendations. And, notably, one region scoring only 42 was recommended to receive 50% in the amount of \$8.3 million.

It is understood that DWR must take into consideration the need to ensure accountability of how state funds are allocated based on the merits of projects. Again, the scoring and associated recommendations do not reflect this consideration in any consistent manner. We are asking for more consistency in how scores are awarded recommended funding. Furthermore, we are

asking that due consideration be given to fully funding regional areas based on scoring within that region as opposed to state-wide scores.

Below are comments in response to several of the scoring criteria sections.

#### Work Plan

The evaluation states “Project 3 is the only project to include specific data management deliverables in its work plan.” In response, Project 4 (Inyo County Meters Project) discusses in-depth data on water consumption that will be collected and used to more properly manage water resources. However, it is true that a specific deliverable regarding data management was not included. Project 5 (Indian Wells Valley Brackish Water Resources Study), on the other hand, did implicitly include data management in two of its deliverables – the technical memorandum and the final report. The work associated with these deliverables clearly discusses data compilation, data collection, and data management.

We request that our score for this section is reconsidered and that an additional one point (with a weighting of 3) is awarded for a total of 12 out of 15 points. This request is based on the argument that we fully addressed the scoring criteria but did not fully support them with documentation/justification.

#### Budget

The evaluation for the proposal budget stated that “The Inyo County and Program Office Administration (Project 1) budget shows a significant project administration cost and some tasks go beyond grant administrative duties that cannot be funded by this program.” This evaluation comment does not provide enough detail to understand what parts of the administrative work are inappropriate for this grant. The same tasks are currently being funded in the Round 1 Implementation Grant to the Inyo-Mono region. The total requested for Project 1 represents 13% of the budgets of the four projects, which fits in with overhead charged for other IRWM grants (up to 12%).

The evaluation states “...projects 2 and 4 do not include labor rates to support the costs listed in the budget table.” The budget narratives for Projects 2 and 4 clearly include labor rates for each task as applicable.

The evaluation generally states that several of the project budgets lack supporting documentation, but little detail is provided as to what is missing.

The evaluation discusses the contingency line item that was included in Project 5 and indicates that this is not compatible with the project as there is no construction. Page 22 in the budget attachment of the application specifically addresses this concern and acknowledges that the project is not a hard construction project but explains why a contingency is necessary.

We request one additional point in this category, giving us a score of 4 out of 5.

### Schedule

We do not have any comments in response to this part of the evaluation.

### Monitoring, Assessment, and Performance Measures

Our only comment here is to request clearer guidance for this part of the application package. According to the evaluation, we did not fully understand the various terms included in this section. Perhaps providing some sample sections would help applicants better address what is being asked of this section.

### Technical Justification

The evaluation claims that only Project 2 appears technically justified. We would respond that the physical benefits for Project 4 (Inyo County Meters Project) are also clearly laid out and explained in the narrative. We know that this section was new for the Round 2 Implementation proposals, and based on many of the scores for this section, it seems that there is still confusion about what is expected in this section and how to score well.

### Benefit and Cost Analysis

The evaluation states that, for Project 2, "...it is not clear that new fire hydrants could cause wildfire losses to be avoided." In the benefit and cost analysis for this project, we included analysis of how fire hydrants could protect both life and property by preventing large-scale fires. It is unclear how we could have further justified this benefit.

For Project 4, it is stated that "...the reason for the need for metering...should be further explained," but it is not clear how the justification for the project could be further explained and what was lacking.

We request an additional three points in this section, making the score 18 out of 30.

### Program Preferences

The scoring criteria for this category need clarification. The criteria say that a maximum of 5 points will only be awarded if the proposal meets at least eight of the Program Preferences. In the Guidelines, there are only eight Program Preferences, unless Statewide Priorities are also considered individual Program Preferences.

Our proposal specifically addresses five of the Program Preferences (if all of Statewide Priorities is considered one PP). In addition, the proposal addresses 7 of the 8 Statewide Priorities. Further, three of the projects address critical water supply/water quality needs of disadvantaged communities in the region. What is not addressed in our proposal but has no relevance to regions such as the Inyo-Mono is how our proposed projects may or may not impact water supply in the Central Valley. It simply is not fair or equitable to penalize a region that has no hydrologic connection to the Central Valley and cannot respond to a particular Program Preference regarding the Delta. The structure of the entire DWR IRWM Program centers on needs and issues driven at the regional scale. By imposing potential scoring of points on an issue having no relevance to a given region does not conform to the intent of the Program.

Instead, we suggest a proportional allocation to regions that do not have relevance to a proposed program preference.

We request an additional 2.5 points (with a weighting of 2) for total score of 10 out of 10 for this section.

The Inyo-Mono region recognizes that there are no guaranteed funding sources supporting IRWM planning and projects. As a result, there are no guarantees that all of the efforts supporting regional water management will realize financial benefits through Prop. 84 funding. Grant funding is a competitive endeavor. Nonetheless, the greater the uncertainties, the less likely stakeholders are going to be willing to devote very limited time and financial resources to support such efforts. Like DWR, counties, public agencies, and others need to be able to justify how their time and resources are being allocated. With greater uncertainties comes greater liability in terms of a return on investment. Providing and committing to clear, objective, and equitable standards for the implementation program is paramount to the long-term success of DWR's Integrated Regional Water Management Program.

Given the disparity of how the scoring and associated recommendations were made, the fact that full allocation of funds for the Lahontan funding region were not awarded, and our belief that our score was inappropriately low, we respectfully request at least 50% of our requested funding.

On behalf of the Inyo-Mono Regional Water Management Group, I appreciate DWR's consideration of our comments and scoring request.

Most sincerely,

A handwritten signature in black ink, appearing to read 'MDrew', is centered below the text 'Most sincerely,'.

Mark Drew, Ph.D.  
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